

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA PRIORITY

USMTM DHAHRAN PRIORITY

INFO USCINCEUR

CARMISH/MAAG TEHRAN IRAN

C O N F I D E N T I A L STATE 028365

JOINT STATE-DEFENSE MESSAGE

E.O. 11652: GDS

TAGS: MASS, SA, US

SUBJECT: REIMBURSEMENT FOR U.S. SECURITY ASSISTANCE SERVICES
TO SAUDI ARABIA

REF: (A) SECDEF MSG 171707Z JAN 75

(B) JIDDA 0048, DTG 050645Z JAN 75

(C) JIDDA 0093, DTG 060945Z JAN 75

1. WE HAVE UNDER CONSIDERATION THREE PLANS FOR OBTAINING
REIMBURSEMENT FROM THE SAG FOR SECURITY ASSISTANCES SERVICES,
EQUIPMENT, AND FACILITIES. THESE THREE PLANS ARE: (1) FMS
CASE UNZ WHICH IN ESSENCE CONVERTS AID IN KIND (FOR USMTM)
TO FMS FOR SUCH ITEMS AS CIVILIAN PERSONNEL, TRAVEL (OTHER
THAN PCS), MAINTENANCE AND OPERATION OF VEHICLES, FACILITIES,
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EXPENDABLE SUPPLIES; (2) TAFT FMS CASES, ALONG WITH A TAFT

SUPPORT PACKAGE (REF A); (3) REIMBURSEMENT UNDER AN ADDITIONAL FMS CASE FOR THE SECURITY ASSISTANCE ADVISORY SERVICES PORTION OF THE USMTM WHICH WILL INCLUDE APPROXIMATELY 75 PERCENT OF USMTM MANPOWER COSTS.

2. WE SUGGEST COMBINING ALL OF THESE INTO A BLANKET PROPOSAL, WHICH WOULD INTEGRATE BOTH PLANS 1 AND 3 ABOVE INTO THE TAFT PACKAGE (PLAN 2) THUS USING THE SAG MODERNIZATION PROGRAM AS THE VEHICLE TO RECOVER COSTS DISCUSSED IN PARA 1 ABOVE; FACT THAT SAG HAS ACCEPTED PLANS 1 AND 2 IN PRINCIPLE SHOULD FACILITATE ACCEPTANCE OF ENTIRE PACKAGE, INCLUDING PLAN 3. PROPOSAL IS AS FOLLOWS:

A. CANCEL CASE UNZ (IT HAS NOT YET BEEN PRESENTED TO SAG) AND EXPAND THE TAFT SUPPORT PACKAGE (REF A) TO INCLUDE THOSE ITEMS OF COST WHICH UNZ WAS INTENDED TO COVER. THIS ADDED COST WOULD DIFFER FROM UNZ IN THAT IT WOULD COVER A ONE YEAR PERIOD. THE FOLLOWING YEAR A NEW SUPPORT PACKAGE WOULD BE NEGOTIATED BASED ON EXPERIENCE GAINED AND AGAIN TAKING INTO ACCOUNT THE ORIGINAL REQUIREMENTS OF CASE UNZ.

B. ACCORDING TO THE EXISTING SAG AGREEMENT THE USG IS TO PAY SALARIES, PCS, ETC. FOR ALL USMTM PERSONNEL AND THE SAG IS TO PROVIDE AIK IN SUPPORT OF THE USMTM. UNDER OUR PROPOSAL THE USG WOULD CONTINUE TO PAY THESE COSTS DIRECTLY FOR ALL USMTM PERSONNEL, INCLUDING TAFT PERSONNEL. HOWEVER, COSTS, TO INCLUDE REIMBURSEMENT FOR THAT PORTION (APPROX. 75 PERCENT) OF USMTM MAN YEARS WHICH PROVIDES SECURITY ASSISTANCE ADVISORY SERVICES, WOULD BE INCLUDED IN THE TAFT PACKAGE. THIS PORTION OF USMTM WOULD BE CALLED SECURITY ASSISTANCE ADVISORY ELEMENT TO DISTINGUISH IT FROM TAFTS. SAG WOULD BE REQUIRED TO FULLY REIMBURSE THE USG FOR THESE ADVISORY SERVICES, WHICH WOULD BE CHARGED ON THE BASIS OF MAN/YEARS AND WOULD INCLUDE ALL DIRECT AND INDIRECT COSTS OF PROVIDING THESE SERVICES. SAG WOULD NOT REIMBURSE USG FOR REMAINDER OF USMTM MAN-YEARS (APPROXIMATELY 25 PERCENT) WHICH ARE NOT DEVOTED TO PROVIDING SUCH SERVICES.

C. SIMILARLY, THE USMTM SUPPORT ACTIVITIES (INCLUDING COST OF SUPPORT PERSONNEL) WOULD BE INTEGRATED INTO THE TAFT SUPPORT

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PACKAGE (REF A) TO BE TOTALLY REIMBURSED BY THE SAG.

3. CONSOLIDATION OF THESE THREE PLANS INTO ONE HAS DECIDED ADVANTAGES: (1) MOST IMPORTANT, IT WOULD SIMPLIFY NEGOTIATION OF REIMBURSEMENT FOR SECURITY ASSISTANCE SERVICES BY COMBINING ALL SUCH REIMBURSEMENT INTO ONE PACKAGE, AND WOULD THUS OBTAIN THE NECESSITY OF YOUR SEEKING SEPARATE SAG APPROVAL OF CASE UNZ, THEN OF TAFTS AND SUPPORT PACKAGE, THEN OF PARTIAL

REIMBURSEMENT OF USMTM COSTS; (2) THE DESIRES OF THE USG ARE TIED TO A PROGRAM WHICH ALREADY HAS GENERAL ACCEPTANCE BY SAG AND THEREFORE SHOULD BE MORE READILY ACCEPTABLE; (3) HAVING ONE SUPPORT PACKAGE WILL PROVIDE MORE FLEXIBILITY SINCE IT WILL COVER A MUCH BROADER SCOPE.

4. AS NOTED ABOVE, THERE IS NO INTENTION THAT SAG SHOULD PAY SALARIES OF USG PERSONNEL AND THE TRANSACTION DESCRIBED ABOVE SHOULD NOT BE CONSIDERED OR DISCUSSED IN THOSE TERMS. RATHER, THE OBJECTIVE IS TO OBTAIN REIMBURSEMENT FROM THE SAG FOR TECHNICAL ASSISTANCE AND SECURITY ASSISTANCE ADVISORY SERVICES TO THE SAG. THE COST FACTORS APPLIED TO OBTAIN REIMBURSEMENT FOR PERSONNEL SERVICES WILL BE DEVELOPED BY DSAA.

5. WE ARE CONFIDENT THAT THE ABOVE PROPOSAL IS A PRACTICAL METHOD TO INSURE APPROPRIATE REIMBURSEMENT FOR OUR ASSISTANCE EFFORT TO THE SAG. TIMING FOR PRESENTATION OF THIS CONSOLIDATED PLAN TO THE SAG IS CRITICAL AND WILL REQUIRE EXTENSIVE ANALYSIS AND DEVELOPMENT OF THIS ENTIRE CONCEPT BEFORE A LETTER OF OFFER CAN BE PREPARED. WE WOULD THEREFORE APPRECIATE YOUR COMMENTS ON THE APPROACH ASAP.

6. FURTHER REVIEW OF DRAFT MOU AS SUBMITTED IN REF C IS BEING HELD IN ABEYANCE UNTIL BASIC USG POSITION REGARDING OVERALL ORGANIZATION AND FUNDING CONCEPT FOR SAUDI ARABIAN MODERNIZATION PLAN IS RESOLVED.

7. FINALLY, RECENTLY AMENDED FOREIGN ASSISTANCE ACT (FAA) NOW PROVIDES THAT ANY EXPENDITURES FOR PROVISION OF MILITARY TRAINING AND ADVISORY ASSISTANCE, MADE UNDER ANY APPROPRIATION, MUST BE CHARGED AGAINST MILITARY ASSISTANCE PROGRAM (MAP) FUNDS, BEGINNING JULY 1, 1976. THIS MEANS THAT THE APPROXIMATE 25 PERCENT OF USMTM COSTS WHICH WOULD REMAIN A USG

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RESPONSIBILITY UNDER THE ABOVE PROPOSAL WOULD EVENTUALLY HAVE TO BE CHARGED AS A MAP EXPENDITURE. YOU ARE FAMILIAR WITH THE CONSIDERATIONS WHICH LED US TO DELETE THE LAST REMAINING MAP ITEM (220,000 FOR TRAINING) FOR SAUDI ARABIA FROM THE FY 76 SECURITY ASSISTANCE PACKAGE; THESE SAME FACTORS WOULD PRESUMABLY APPLY EQUALLY TO ANY FUTURE MAP REQUESTS FOR SAUDI ARABIA. IF WE CONCLUDE THAT IT WOULD BE BEST NOT TO REINSTITUTE MAP EXPENDITURES FOR SAUDI ARABIA, WE WOULD HAVE TO EXPAND ABOVE PROPOSAL TO INCLUDE 100 PERCENT OF USMTM COSTS. WOULD APPRECIATE YOUR VIEW OF SAUDI RESPONSE TO SUCH A PROPOSITION (YOU SHOULD NOT HOWEVER APPROACH SAG ON THIS POINT).

8. DOD WILL SEND TWO OR THREE INDIVIDUALS TO JOIN THE ARMISH/MAAG SUPPORT SPECIALISTS IN SAUDI ARABIA TO DEVELOP THE SAG TAFT SUPPORT PACKAGE IN EARLY MARCH. THEY WILL BE ABLE TO

DISCUSS ABOVE PROPOSALS IN MORE DETAIL.

9. ABOVE PREPARED PRIOR TO RECEIPT JIDDA 0831. PROVISION OF
FAA CITED PARAGRAPH 7 IS THE ONLY NEW PROVISION OF LAW RELATING
TO FUNDING OF MILITARY ASSISTANCE MISSIONS OVERSEAS.
AGREE THAT SAUDI CONCERN SHOULD CREATE MORE RECEPTIVE ATMOS-
PHERE FOR NEGOTIATING REIMBURSEMENT OF USMTM, TAFT AND RELATED
COSTS; THIS SEEMS TO US A FURTHER ARGUMENT IN FAVOR OF COMBIN-
ING ALL REIMBURSEMENT ELEMENTS INTO ONE PACKAGE RATHER THAN
PROCEEDING SEPARATELY AND THUS REQUIRING YOU TO GO BACK TO
THE WELL SEVERAL TIMES. KISSINGER

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